

Message Text

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ACTION EB-08

INFO OCT-01 EA-10 ISO-00 CAB-02 CIAE-00 COME-00
DODE-00 DOTE-00 INR-10 NSAE-00 FAA-00 L-03 TRSE-00
OMB-01 CEA-01 STR-07 PM-05 NSC-05 SP-02 SS-15
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-----105131 161037Z /21

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FM AMEMBASSY TAIPEI

TO SECSTATE WASHDC 8613

C O N F I D E N T I A L TAIPEI 05425

E.O. 11652: GDS

TAGS: EAIR, ETRD, TW

SUBJECT; MCDONNELL-DOUGLAS/AIRBUS COMPETITION FOR
SALES IN TAIWAN

REF: TAIPEI 05398, AND PREVIOUS

1. DCM CONTACTED MOFA VICE MINISTER FRED CH'EN
AUGUST 16 FOR AN UPDATE OF THE ROC POSITION ON
MCDONNELL-DOUGLAS/AIRBUS COMPETITION AS PROMISED BY
PREMIER SUN ON AUGUST 2 AND AS AGAIN REQUESTED BY
AMBASSADOR ON AUGUST 15 (REFTEL).

2. CH'EN STATED THAT

-- ROC WAS NOW CONDUCTING "A CAREFUL STUDY" OF THE
MCDONNELL-DOUGLAS/AIRBUS COMPETITION, I.E. "WHY CHINA
AIRLINES HAD DECIDED TO CHOOSE THE AIRBUS OVER THE
DC-10",

-- NOT ALL OF THE "CONCRETE STATISTICS" (READ
TECHNICAL/COMMERCIAL DATA) FOR THESE AIRCRAFT WERE YET
AVAILABLE,

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-- AS THE EMBASSY SHOULD BE AWARE, CHINA AIRLINES HAD
BEEN BUYING AIRCRAFT FROM OTHER AMERICAN MANUFACTURERS
AS WELL, E.G. IT HAD SIGNED A CONTRACT FOR THE DELIVERY
OF TWO BOEING AIRCRAFT NEXT YEAR AND WOULD SIGN FOR THE
DELIVERY OF ANOTHER WIDEBODIED BOEING PLANE IN 1980.
(NOTE: BOEING HAS NOT BEEN IN TOUCH WITH EMBASSY.)

3. IN THIS LATTER CONNECTION, ASKED CH'EN, WAS THE USG ADVOCATING PURCHASES FROM MCDONNELL-DOUGLAS AS OPPOSED TO OTHER AMERICAN AIRCRAFT MANUFACTURERS IN THE COMPETITION WITH AIRBUS? THIS QUESTION WAS IMPORTANT BECAUSE CHINA AIRLINES WAS EXAMINING "SEVERAL OPTIONS" INCLUDING OTHER AMERICAN AIRCRAFT AND BECAUSE THERE WAS AN IMPRESSION IN CERTAIN QUARTERS THAT THE USG WAS SPECIFICALLY LOBBYING FOR MCDONNELL-DOUGLAS.

4. DCM ASSURED CH'EN THAT USG WAS NOT LOBBYING FOR MCDONNELL-DOUGLAS AS OPPOSED TO OTHER AMERICAN MANUFACTURERS. RATHER, AS THE AMBASSADOR HAD POINTED OUT TO PREMIER SUN AND FOREIGN MINISTER SHEN, THE USG HOPED THAT CHINA AIRLINES WOULD DECIDE STRICTLY ON THE MERITS OF TECHNICAL/PROFITABILITY/USAGE CONSIDERATIONS. CH'EN REPLIED "GOOD. CHINA AIRLINES WANTS TO EXPAND BUT MUST ALWAYS THINK OF THE COMPETITIVENESS OF EACH AIRCRAFT". HE AGREED TO INFORM DCM WHEN ANY FURTHER SIGNIFICANT NEWS DEVELOPED.

5. CENTRAL BANK GOVERNOR YU KUO-HUA HAS ACCEPTED AMBASSADOR'S INVITATION FOR AUGUST 17 PRIVATE LUNCHEON FOR VISITING SENATOR EASTLAND. WE WILL ATTEMPT TO SOUND GOVERNOR OUT AS WELL REGARDING AIRCRAFT PURCHASES. UNGER

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